

## **CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

### **Public Benefits Analysis Exempt Facility Program 2002 Round 1**

Each year, the California Debt Limit Allocation Committee (Committee) reserves a portion of its tax-exempt private activity bond authority for the Exempt Facility Program Pool. These tax-exempt bonds are used to finance primarily solid waste disposal and waste recycling facilities. There are four categories that the Committee uses to prioritize its allocation to exempt facility projects: 1) First Tier Business<sup>1</sup> under Regulatory Mandate<sup>2</sup>, 2) Non-first Tier Projects under Regulatory Mandate, 3) Businesses, other than First Tier Businesses, Under Regulatory Mandate, 4) All other Applications for Exempt Facilities. The tax-exempt bonds provide low cost financing, in the form of below market interest rates, to project owners. The interest rate savings enable project owners to maintain lower customer rates or minimize customer rate increases, while at the same time assisting the communities served by the projects meet their mandated requirements to protect and enhance the environment. These projects also benefit the communities by creating new jobs.

CDLAC awarded \$110 million of allocation in its first allocation round of 2002. This represented 4.25% of the total \$2.587 billion state ceiling. The first allocation round was awarded to a single issuer, California: California Pollution Control Financing Authority (CPCFA), for a total of 7 exempt facility projects throughout California. The allocation was distributed between two categories: 1) 75%, or \$82,655,000 of the allocation was allocated to First Tier Projects Under Regulatory Mandate, and 2) 25%, or \$27,345,000 of the allocation was allocated to Non-first Tier Projects Under Regulatory Mandate. The first round allocation financed 5 First Tier Projects under Regulatory Mandate and 2 Non-first Tier Projects under Regulatory Mandate. Of these; 4 projects are building new or expanding existing facilities to handle more waste and to increase recycling capabilities, 7 are purchasing cleaner fuel burning and more fuel efficient equipment. In addition, over 325 full time jobs will have been created.

#### **2002 Round 1 Benefits of Exempt Facility Program**

| <b>Allocation Amount Round 1</b> | <b>First Tier Projects Under Regulatory Mandate</b> | <b>Non-first Tier Projects Under Regulatory Mandate</b> | <b>Total Exempt Facility Projects</b> |
|----------------------------------|---|---|---------------------------------------|
| \$110,000,000                    | 75% or \$82,655,000<br>5 Projects                   | 25% or \$27,345,000<br>2 Projects                       | 7                                     |

<sup>1</sup> "First Tier Business" means (1) a business that (a) is primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste, (b) is a privately-held or employee-owned entity whose ownership interests are not available to members of the public, and (c) has fewer than 3,000 employees (together with affiliates), based on the average employees per pay period during the most recent twelve (12) months before submittal of an Application; or (2) a business which is not primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste that is classified as a small business under regulations of the California Pollution Control Financing Authority (CPCFA) (Title 4, California Code of Regulations, Sections 8001-8083).

<sup>2</sup> "Regulatory Mandate" means a local, state or federal government mandate such as the California Public Resources Code, Section 40000 et seq. ("AB 939"), a local public health department notice and order, a Regional Water Quality Control Board issued cease and desist order, or similar directive.

### 2002 Round 1 Benefits By Project

| First Tier Projects Under Regulatory Mandate | Allocation Amount         | Description of Project and Benefits   |
|--|---------------------------|---|
| Burrtec Waste Group.                         | \$9,900,000               | The Project will include the purchase of new collection equipment to provide for future growth in the Company's service areas and to replace existing equipment as it becomes obsolete. The new equipment will include collection barrels and bins and new low emission, alternative fuel trucks. The new equipment will be purchased as needed for all of the Company's waste hauling operations in the three-county service area that includes the Cities of Duarte, Bradbury, Monrovia, Pasadena, Irwindale, Pomona and the unincorporated area of Los Angeles County; the Cities of Riverside and the unincorporated area of Riverside County; and the Cities of Highland, Rancho Cucamonga, San Bernardino, Yucaipa, Montclair, Victorville, Fontana and the unincorporated area of San Bernardino County. The Project also includes the expansion of the Agua Mansa transfer station into a Materials Recovery Facility <sup>3</sup> (MRF) as originally contemplated when the transfer station was first constructed. The expansion of the facility consists of a 60,000 square foot addition to the existing building and installation of a sorting line and 2 balers.  |
| Mottra Corporation Project                   | \$5,500,000               | The Project will assist the Project Sponsor in complying with recent regulations created by the South Coast Air Quality Management District that requires all fleets of 15 or more vehicles, either government owned or privately held (for government service use), to utilize alternative fuel. The Project Sponsor indicates that the projects will result in new permanent, full-time positions and new permanent, part-time positions.   |
| CR & R Incorporated                          | \$7,795,000               | According to the Project Sponsor, the Project involves minor renovations to its Material Recovery Facilities (MRF) in Stanton and Phelan. However, 97% of this Project involves the purchase of new equipment designed to increase efficiencies in order to provide for additional material recovery not previously attainable and to accommodate growth.   |
| Norcal Waste Systems                         | \$48,185,000 <sup>4</sup> | This Project consists of three components: 1) the construction of a MRF site serving the San Francisco, 2) the purchase of trucks and collection containers, and 3) the construction of corporate yards in San Jose and Livermore. The Project Sponsor provides solid waste collection for San Francisco. The Project Sponsor will be expanding its current San Francisco site and upgrading the equipment in order to achieve AB939 mandates. The San Francisco site is expanding with new construction, equipment purchase to support collection activity and will create 325 full time new jobs and 125 construction jobs.   |
| California Waste Systems                     | \$11,275,000              | The Project consists of the purchase of approximately 3.57 acres of land, the construction of a new 51,300 square foot Materials Recovery Facility (MRF) to handle approximately 85,000 tons per year of residential commingled recyclables, and the purchase of new collection and recycling equipment and vehicles. The Project will implement a new system for the collection and processing of residential recyclables in the City of San Jose. The new system will change the collection modality from source-separate to commingled. The City of San Jose is implementing this new system to increase recycling participation that will maximize diversion of residential solid waste from landfill or other forms of disposal. The Project Sponsor has entered into a contract with the City of San Jose's prime solid waste collection contractor (Norcal Waste Systems, Inc.) for the processing of 100% of the residential recyclables collected by Norcal in the City of San Jose. The proposed Project will receive commingled residential waste materials from Norcal and, through a combination of manual and mechanical processes, the materials will be sorted into approximately 20 different commodity grades. The commodities will all be sold to end users or brokers to be used ultimately in the manufacture of new products. |

<sup>3</sup> "MRF" means Materials Recovery Facility. This is a facility that receives, sorts, and bales for resale recyclable waste material collected from residential and commercial establishments.

<sup>4</sup> \$5,185,000 of the allocation was reverted back to CDLAC. The balance was carried forward to the following EXF round.

### 2002 Round 1 Benefits By Project

| Non-first Tier Projects Under Regulatory Mandate | Allocation Amount | Description of Project and Benefits   |
|--|-------------------|---|
| Waste Management, Inc.                           | \$13,672,500      | The Project will enable Waste Management and its affiliates to increase recycling and diversion efforts in order that the cities with whom they are under contractual agreement may meet their regulatory waste stream diversion mandate. The Waste Management, Inc. indicates that the projects will result in over 300 new permanent, full-time positions and over 10 new permanent, part-time positions. |
| Republic Services, Inc.                          | \$13,672,500      | The Project will enable Waste Management and its affiliates to increase recycling and diversion efforts in order that the cities with whom they are under contractual agreement may meet their regulatory waste stream diversion mandate.   |